

# Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

## ● MERGERS & ACQUISITIONS

### New York solar project hits market

**Delaware River Solar** is marketing its 20 MW Sky High Solar project in Onondaga County, New York.

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## ● LATIN AMERICA

### Colbún puts transmission biz up for sale

Chilean independent power producer Colbún has hired two investment banks to market its transmission subsidiary.

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## ● PEOPLE & FIRMS

### Ex-RBC banker joins microgrid start-up

**RBC Capital Markets'** tax equity banker **Julian Torres** has joined **Scale Microgrid Solutions** as chief investment officer.

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## GIP circles terms for sale of CPV

Taryana Odayar

**Global Infrastructure Management** has signed a non-binding term sheet with a potential buyer for its conventional and renewable energy development portfolio company **Competitive Power Ventures**.

A consortium led by **Kenon Holdings** subsidiary **OPC Energy** would pay about \$700 million to \$800 million for the company in the deal laid out

in the term sheet, which was signed on September 15.

Tel-Aviv-based OPC plans to use CPV as a platform to expand its power generation operations in the US by executing its existing project pipeline, with a focus on renewable energy, and the consideration includes expected additional investments to fund CPV's pipeline of projects.

"We have been working for the past year to find

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## ● CONFERENCE COVERAGE

### Energy & infra pros convene online for IJLatAm 2020

**IJGlobal's** famed Latin America conference took place virtually on September 15 and 16 this year, after the event originally scheduled for March in Miami had to be canceled due to the Covid-19 pandemic. In any case, the panelists had plenty to say about the changing strategy of US **International Development Finance Corporation** (DFC) in

the region, the slow adoption of non-utility offtake arrangements across LatAm, Chile's decarbonization process and Mexico's regulatory changes. With the region going through a Covid-19-caused recession, the conference attendees say they will continue doing business in Latin America, while navigating the changes. ■ PAGES 12-13 »

### 2020 M&A review and outlook

Mergers and acquisitions in the power, utilities and renewables industry were undoubtedly dampened in the first half of 2020 not only by the global pandemic but also by sector-specific issues. However, deal makers are being kept on their toes by a rash of blank-check company filings and shifts in utility and IPP strategies, reports **Taryana Odayar**.

Power and utilities M&A deal value and volume

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### Price talk out for Linden Cogen refi

Richard Metcalf

Price talk has emerged on a term loan B refinancing for the 974 MW Linden Cogen project in New Jersey following a bank meeting on September 10.

The \$950 million seven-year term loan B is being talked at 375 bp over Libor with a 1% Libor floor and there is a proposed original issue discount of 99.

The deal also includes a \$100 million five-year

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"Do we have a deal?"



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## ● PPA PULSE

# Mixed bag shows range of offtakers

Power purchase agreement counterparties come in all shapes and sizes these days, as evidenced over the past week, with deals announced involving a German consumer goods manufacturer, a community choice aggregator in California and a rural electric co-operative in Iowa.

### CLEAN ENERGY

**Ørsted** sealed a 10-year PPA with **Henkel** – the German company that makes Dial soap, Purex laundry detergent and Right Guard anti-perspirant – for a portion of the output of a roughly 250 MW wind farm in Texas.

**Schneider Electric Energy & Sustainability Services** advised Henkel on the contract.

**Ørsted** is developing the Helena Wind Farm in Bee County with a view to beginning

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commercial operations in early 2022.

### COMMUNITY ENERGY

**Origis Energy** has signed a 15-year PPA with **Clean Power Alliance** for the output from a solar-plus-storage project in California.

The 64.9 MW Chalan Solar+Storage Project in Kern County, which includes 25 MW/100 MWh of battery storage capacity, is slated to come online in December 2023.

### CO-OPERATIVE ENERGY

Iowa wind developer **RPM Access** has signed a 20-year PPA with **Central Iowa Power Cooperative** for the output of a wind farm in the state's Delaware County.

The 54 MW Independence Wind Farm, near the town of Ryan, is expected to begin commercial operations by the end of 2021. ■

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## GENERATION AUCTION &amp; SALE CALENDAR ●

These are the current live generation asset sales and auctions, according to Power Finance and Risk's database.

A full listing of completed sales for the last 10 years is available at <http://www.powerfinancerisk.com/AuctionSalesData.html>

## Generation Sale ■ DATABASE

Seller	Assets	Location	Adviser	Status/Comment
Amasa Advisory Services	Portfolio (180 MW Solar)	Arizona		Portfolio in market (PFR, 8/17).
American Electric Power	Portfolio (70 MW Hydro)	US	Scotiabank	Sale expected to conclude by late 2020 (PFR, 8/24).
AltaGas	Blythe (507 MW Gas)	California	Scotiabank	The sale has been relaunched (PFR, 8/24).
Avenue Capital, others	Coso (270 MW Geothermal)	California	Cantor, Houlihan	Auction underway (PFR, 8/31).
Blackstone Group	Onyx Renewable Partners	US	BNP Paribas	Platform sale launched (PFR, 8/3).
Brookfield Infrastructure	Enwave Energy (District energy)	US, Canada	Scotia, TD	Auction to be launched this year (PFR, 8/10).
Brookfield, Invenery	Portfolio (852 MW Wind, 49.9%)	Illinois, Nebraska, Texas	Scotia (sellers), CIBC (buyers)	Korean consortium is acquiring four former TerraForm Power projects (PFR, 9/8).
Calpine	Freeport (260 MW CHP)	Freeport, Texas	BofA, Guggenheim	Sale process initiated earlier this year (PFR, 7/27).
● Colbún	Colbún Transmisión	Chile	BTG Pactual, JP Morgan	Colbún launched the process on September 8 (see story, page 11).
● Delaware River Solar	Sky High Solar (20 MW Solar)	New York	Rhynland	The developer began to market the asset in August (see story, page 7).
DIF Capital Partners	Lone Valley (30 MW Solar, 49%)	San Bernardino County, CA	Fifth Third	Sale process initiated by end July (PFR, 8/10).
● Dimension Energy	Portfolio (50 MW Community Solar)	Maine		Nexamp is the buyer (see story, page 7).
● Eletrobras	Portfolio (582.8 MW Wind)	Brazil		Omega Geração is the buyer (see story, page 11).
Enchant Energy	San Juan (carbon capture)	New Mexico	BAML	Advisory mandate won in June (PFR, 9/8).
● Enel X	Energy Storage Platform (80%)	Canada		Ardian Infrastructure is the buyer (see story, page 8).
Energy Capital Partners	Alpine Portfolio (507 MW Cogen)	Canada	Credit Suisse	CIM sent to bidders in mid-July (PFR, 8/10).
● Equinor	Portfolio (4.4 GW Offshore Wind, 50%)	US		BP is the buyer (see story, page 7).
First Solar	US Development Platform	US	BofA, CohnReznick	Bids were due August (PFR, 8/10).
● Global Infrastructure Management	Competitive Power Ventures	US	Morgan Stanley	A Kennon Holdings-led consortium is the buyer (see story, page 5).
Macquarie Capital	Candela Renewables	US	Nomura Greentech	The sponsor has launched the sale process (PFR, 7/20).
Marathon Energy	Marathon Energy	New York		The auction process has been launched (PFR, 9/14).
NextEra Energy Resources	Project Gila (115 MW Solar)	Texas	Marathon Capital	The sale processes were launched in June (PFR, 7/13).
	Project Rocket City (150 MW Solar)	Alabama		
New Energy Solar	Portfolio (281.1 MW Solar)	US	RBC Capital Markets	New Energy has begun a strategic review of the portfolio (PFR, 9/14).
Petrobras	Portfolio (578 MW Thermal)	Brazil	Goldman Sachs	Sale has entered binding phase (PFR, 8/31).
● Pivot Energy	Portfolio (13 MW Community Solar)	Colorado		Nautilus Energy Solar will finance the assets (see story, page 7).
Point Reyes Energy	Jade Meadow (20 MW Solar)	Maryland	LevelTen	First round bids due Sept 25 (PFR, 8/31).
PSEG	PSEG Fossil (6,750 MW Thermal)	NJ, CT, NY, MD	Goldman Sachs	PSEG has begun a strategic review of the portfolio (PFR, 8/10).
	PSEG Solar Source (467 MW Solar)	US		
Renova Energia	Alto Sertão III B (305 MW Wind)	Brazil		Prisma Capital made an offer (PFR, 8/17).
Solar Landscape	Portfolio (20 MW [DC] Solar)	New Jersey		Bids due September (PFR, 8/17).
● SunRun	Vivint Solar	US	Credit Suisse, Morgan Stanley, BofA	The companies are moving forward with the merger (see story, page 9).

### ● New or updated listing

The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed.

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## ● PROJECT FINANCE

Deal Book is a matrix of energy project finance deals that Power Finance & Risk is tracking in the energy sector. A full listing of deals for the last several years is available at <http://www.powerfinancerisk.com/Data.html>

## Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Deal Type	Loan Amount	Tenor	Notes
Akvo Energy	Bennington (93 MW Wind)	Marshall County, Illinois	Morgan Stanley	Construction debt			The sponsor has secured debt (PFR, 9/14).
			GE EFS	Tax equity			
Central Puerto	Portfolio (79.8 MW Wind)	Argentina		Bond refinancing	\$35M	3-yr	The issuance has closed (PFR, 9/14).
					\$15M	1-yr	
Cypress Creek	Operating portfolio (1.6 GW Solar)	US	Investec	Holdco debt	\$200M	7-yr	Deal launching after Labor Day (PFR, 8/31).
Duke Energy	Portfolio (360 MW Solar)	US	SMBC	Private placement			The deal has been launched (see story, page 9).
EDF Renewables	Gunaa Sicarú (252 MW Wind)	Oaxaca, Mexico		Term loan			Term sheets received from banks (PFR, 7/13).
Enel Green Power	Lily (146 MW Solar, storage)	Texas	CCA Group (adviser)	Tax equity			Project under construction (PFR, 7/27).
Engie Brasil	Pampa Sul (345 MW Coal)	Brazil	BTG Pactual	Debentures			Notes issued in two tranches (PFR, 8/31).
GenOn Energy	Portfolio (1,570 MW Gas)	California	CIT Bank, Investec, SocGen	Refinancing	\$265M		The sponsor has mandated banks (PFR, 8/24).
Grupo Energía de Bogotá	Cálidda (gas distribution)	Peru	IDB Invest	Debt	\$100M	8-yr	Deal has closed (PFR, 9/8).
Grupo Ibereólica, GPG	Cabo Leones 2 (204 MW Wind)	Chile	Crédit Agricole	Construction Debt			Cred Ag has won the mandate (PFR, 5/26).
Interconexión Eléctrica (ISA)	Transmission portfolio	Colombia	BTG Pactual, Valores Bancolombia, Credicorp Capital Colombia	Bond	\$42.56M	9-yr	Deal closed on August 13 (PFR, 8/24).
					\$37.24M	20-yr	
Jera Co, and others	Linden Cogen (974 MW Gas)	New Jersey	Jeffereis	Term loan B	\$950M	7-yr	Commitments are due by September 24 (see story, page 6).
				Ancillary Facilities	\$100M	5-yr	
Korea Electric Power Co, Sprott Korea	Portfolio (199 MW Solar)	Mexico	SMBC	Term loan	\$140M		Deal expected to close in September (PFR, 7/20).
Key Capture Energy	Portfolio (1.5 GW Storage)	US		Capital Raise	\$400M-\$600M		The sponsor is in talks with investment banks (PFR, 5/4).
Lightsource BP	Wildflower Solar (13 MW Solar)	Rio Linda, California	NatWest	Senior debt	\$20M		The sponsor has sealed the debt (PFR, 9/14).
			Guardian Life	Tax equity			
Mainstream Renewable	Huemul (630 MW Solar, Wind)	Chile	Caixabank, DNB, IDB Invest, KfW, MUFG	Term loan	\$620M	19-yr	Deal has closed (PFR, 9/8).
NextEra Energy	Portfolio (639.1 MW Wind)	US					Financing expected by year-end (PFR, 8/24).
Panasolar	Portfolio (Solar)	Panama		Bonds	\$15M		Bonds have been issued (PFR, 9/8).
Recurrent Energy	Portfolio (Solar)	US	Nomura	Development loan	\$75M		Deal has closed (PFR, 9/8).
Renova Energia	Alto Sertão III phase A (438 MW Wind)	Brazil	Quadra Gestão de Recursos	DIP facility			Renova has received the offer (PFR, 9/8)
Solarpack, Ardian	Portfolio (43.4 MW Solar)	Peru	SMBC, BNP Paribas	Refinancing			Sponsors have mandated banks (PFR, 8/24).
SunEnergy1	Portfolio (100 MW Solar)	US	CIT Bank, ING Capital	Construction debt, tax equity	\$150M	6-yr	The deal closed on the first week of August (PFR, 9/14).
Summit Ridge Energy	Portfolio (23 MW [DC] Solar)	Illinois	1st Source	Construction debt, tax equity			The sponsor has secured debt (PFR, 9/14).
WhiteWater Midstream	Whistler (Gas pipeline)	Texas	Investec	Holdco debt	\$133M	C+5-yr	The loan closed on September 11 (see story, page 9).

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## NORTH AMERICA MERGERS &amp; ACQUISITIONS ●

# GIP circles terms for sale of Competitive Power Ventures

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a suitable platform to enter the American market, with one of the important criteria being that the American company has strong management with proven experience, and has accumulated significant projects for continued growth,” said **Giora Almogi**, CEO of OPC Energy.

GIP had tapped **Morgan Stanley** last year to market CPV to potential buyers under the code-name Project Mackenzie, as previously reported (PFR, 2/5).

The execution of the term sheet ushers in a 30-day exclusivity period to allow the counterparties to complete negotiations and sign a purchase agreement.

OPC intends to hold a roughly 70% stake in the company through a partnership with several other Israeli investors. OPC would be the general partner.

The prospective co-investors that OPC is in talks with are **Clal**, **Migdal** and **Poalim Capital Markets**.

OPC plans to finance the acquisition in the capital markets, including debt and equity, as well as available cash.

The equity raise would involve

OPC seeking to raise additional capital from its existing shareholders, including Kenon.

The deal is subject to approvals from the US **Federal Energy Regulatory Commission**, the **Committee on Foreign Investment in the United States**, the **New York State Public Service Commission** and Hart-Scott-Rodino clearance.

OPC expects to obtain the necessary approvals about three to six months from the date of signing the purchase agreement.

Founded in 1999, CPV develops, constructs and manages both renewable and conventional facilities in the US and provides power plant management services.

Headquartered in Washington DC and Boston, the company employs approximately 90 employees, led by co-founder and CEO **Gary Lambert**. Fellow co-founder and former CEO **Doug Egan** passed away earlier this year after a long illness (PFR, 5/21).

Over the last two decades, CPV has executed 44 projects totaling 14.8 GW, of which 9,950

MW is conventional generation, while 4,850 MW is wind-powered.

Its ownership interests in its existing operational fleet represent 1,396 MW of net capacity, of which 1,290 MW is conventional gas-fired generation. The company also provides management services to 14 power plants with a total capacity of 10.6 GW.

*“We have been working for the past year to find a suitable platform to enter the American market.”*

The operational assets, spread across PJM Interconnection, New England, New York, California and Texas, include interests in five combined-cycle gas-fired plants totaling 4,045 MW.

The CCGTs are:

- ◆ The 680 MW Valley Energy Center in Wawayanda, New York
- ◆ The 1,050 MW Fairview Energy Center in Jackson Township, Cambria County, Pennsylvania
- ◆ The 805 MW Towantic Energy

Center in the Woodruff Hill Industrial Park in Oxford, Connecticut

- ◆ The 745 MW St Charles Energy Center in Waldorf, Maryland
- ◆ The 725 MW Woodbridge Energy Center Woodbridge Township, New Jersey

The company also holds a roughly 106 MW stake in the 152 MW Keenan II wind farm in Oklahoma, and a 10% stake in the recently financed 1,250 MW Three Rivers Energy Center gas-fired project in Grundy County, Illinois, which is under construction and due to be online in 2023.

The financing of the Three Rivers project fused equity from a group of four investors with a combination of fixed- and floating-rate debt led by **BNP Paribas**, **Crédit Agricole** and **MUFG** (PFR, 8/24).

The \$875 million construction-plus-five year debt package closed on August 21 and was supported by gas netbacks with undisclosed Canadian gas producers (PFR, 4/30).

CPV’s 2,245 MW renewable energy project pipeline is split between 2,000 MW of solar and 245 MW of wind projects. ■

## Sunrun-Vivint merger clears antitrust hurdle

The merger of residential solar companies Sunrun and **Vivint Solar**, announced in July, has been granted early termination of the waiting period under US antitrust law.

The two companies announced that the US **Department of Justice** had notified them of the early termination in a joint statement on September 11.

**Axinn, Veltrop & Harkrider**, a boutique law firm specializing in antitrust and intellectual property cases, is advising Sunrun on the transaction, which is expected to close in early October, pending approval by the shareholders of the two companies.

Sunrun’s \$3.2 billion all-stock deal to acquire Vivint, one of its biggest competitors, was

announced on July 7 (PFR, 7/7/20).

Other advisers on the deal include:

- ◆ **Credit Suisse** – financial to Sunrun
- ◆ **Morgan Stanley** – lead financial adviser to Vivint
- ◆ **BofA Securities** – financial to Vivint
- ◆ **Cooley** – legal to Sunrun
- ◆ **Simpson Thacher & Bartlett**

– legal to Vivint

- ◆ **Wilson Sonsini Goodrich & Rosati** – legal to Vivint

The combined company is expected to have a roughly 24% market share, with 3,435 MW of installed residential solar capacity and almost half a million customers.

The terms of the merger imply a combined enterprise value of \$9.2 billion. ■



## ● NORTH AMERICA MERGERS & ACQUISITIONS

# 2020 M&A review and outlook

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was down significantly in the first half of 2020 compared to the same period in 2019, according to mid-year reports from **PwC** and **Ernst & Young**.

The number of deals fell from 29 to just 15, while total value dropped from \$20.1 billion to \$13.3 billion. Renewables made up 73% of total deal value.

The slowdown was not evenly spread across the strategic and financial sectors, with activity among strategics declining more sharply. Deals led by fund managers and other financial institutions made up 76% of deal value in the first six months of this year.

Among the financials, this year's mega deal so far has been **Brookfield Renewable Partners'** \$1.4 billion acquisition of the remaining 38.5% share of yield company **TerraForm Power** (PFR, 7/31).

### PANDEMIC

Market participants unsurprisingly attribute the slower pace, at least in part, to the global pandemic, as liquidity concerns shut down some of the markets typically used for acquisition financing in March and April.

"There were some very dark days in mid-March where we weren't sure if the entire market was going to melt down," says **Ted Brandt**, founder and CEO of **Marathon Capital**, in Chicago. "Suddenly, term loan B and high-yield loans were 60-70 cents on the dollar."

As a result, the second quarter of the year, which would otherwise have been weighted more toward primary financings and refinancings, instead saw a relatively greater number of asset sales as a percentage of total work flow, says **Keith Martin**, co-head of the US projects practice at **Nor-**

**ton Rose Fulbright**.

"Some of the bigger companies drew down credit facilities earlier in the year to position themselves to pick up good opportunities should any present themselves in the economic downturn," he says. However, higher discount rates applied by would be buyers – to account for the higher-risk environment – have resulted in a wider bid-ask spread, which may have hampered dealmaking, he adds.

Measures taken since March by the **Federal Reserve** and the **European Central Bank** to bolster liquidity helped to stabilize the financing markets, restoring confidence and helping deals to progress.

With interest rate indices having fallen to nearly zero, all-in borrowing costs are not much higher than before the pandemic, says **Allan Marks**, a partner in **Milbank's** global project, energy and infrastructure finance practice.

### INTERNATIONAL DEMAND

The return to normality released the pent up international demand for US energy infrastructure assets, as demonstrated when **Tokyo Gas America** made its debut in US solar – and on a large scale – by acquiring Hecate Energy's 514 MW Aktina project in Texas following a competitive auction process run by **Cantor Fitzgerald** (PFR, 7/29).

Tokyo Gas, which was advised by Marathon Capital, intends to plow ¥49 billion (\$467 million) into the project.

"In general, we have watched some very ambitious Asian business plans and have helped prepare and support them," says Marathon's Brandt. "They're not talking about investing hundreds of thousands, they're talking about billions and billions of

dollars of equity capital."

### LOOKING AHEAD

Nevertheless, dealmakers remain alert to potential uncertainty in the final quarter, owing in part to the upcoming presidential election.

"If **Biden** wins, the corporate tax rate may increase to between 25% and 28%," says NRF's Martin. "That could affect after-tax valuations. On the other hand, he could provide a major tailwind for renewables by extending tax credits and enacting other new policies to encourage a more rapid shift to green energy."

The tax credits have been scheduled to expire and extended at the last minute several times in the past, so deal watchers have a fairly good idea of how this is likely to impact the market.

"Historically as tax credits have started to phase out, we've seen deal activity pick up, especially where there's a rush to get these projects online and raising capital through M&A has been an avenue to do that," says **Jeremy Fago**, US power and utilities deals leader at PwC.

This time, however, the short supply of tax equity could be a chokepoint, says Martin. The four largest US banks – **Bank of America**, **JP Morgan**, **Wells Fargo** and **Citi** – have recorded loan-loss provisions of \$22 billion through the end of the second quarter.

Uncertainty over the PJM capacity market (PFR, 3/13) is also said to be holding up deal flow in that region.

### SPAC ATTACK

Special purpose acquisition companies (SPACs), also known as blank check companies, have come into vogue this year across all industries but particularly in the renewables sector, presenting an

alternative exit point for sellers.

"We're really jazzed about that structure," says Brandt. "In some selective instances these SPACs can take a nine-month IPO process and condense it into a three-month process, so for anyone thinking about doing an IPO this is spectacular."

Electric truck maker **Nikola Corp** went public this way and zinc battery developer **Eos Energy Storage** also recently signed a letter of intent for a SPAC merger (PFR, 6/25). Recently launched energy SPACs that have not yet identified a target include one led by the team that led the restructuring of **GenOn Energy** (PFR, 5/26) and another sponsored by hedge funds **Magentar Capital** and **Triangle Peak Partners** (PFR, 8/20).

### STRATEGY GAMES

Less flashy, but still a reliable source of deals, is the continued theme of utilities divesting non-core and non-regulated segments of their businesses in order to focus on their electric and natural gas utility subsidiaries. For example, **Public Service Enterprise Group** (PSEG) is exploring strategic alternatives for its 6,750 MW fossil fuel fleet (PFR, 8/3).

Independent power producers, meanwhile, are diversifying into the competitive retail business, as evinced by **NRG Energy's** acquisition of **Direct Energy** from **Centrica** (PFR, 8/24).

"The benefit of this trend is you're creating a hedge on your generation," says **Miles Huq**, a partner in **Ernst & Young's** strategy and transactions team. "It's a very thin margin business, so economic scale, diversity of product and geography can be very important."

Other companies with large fleets t h a t

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## NORTH AMERICA MERGERS &amp; ACQUISITIONS ●

## 2020 M&amp;A review and outlook

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are looking for growth, such as Brookfield and **NextEra Energy**, are among the likely buyers in future energy retail M&A, predicts **Aneesh Prabh**, senior director and energy sector lead at **S&P Global Ratings**.

Utilities are also selling assets to reduce their financing needs and fund Covid-19 relief efforts. This was the rationale behind **Xcel Energy's** \$680 million sale of its 760 MW combined-cycle gas-fired Mankato Energy Center to **Southwest Generation** (PFR, 6/26), just

months after Xcel bought the plant from **Southern Power** for \$650 million (PFR, 4/6).

**Dominion Energy** also agreed

to sell its gas transmission and storage assets to **Berkshire Hathaway** in a deal valued at nearly \$10 billion, citing the liti-

giousness and costliness of obtaining permits for such projects as one of the main reasons for the sale (PFR, 7/6). ■

## Biggest M&amp;A deals in North America - 2020 YTD

Rank	Value	Target	Buyer	Transaction type	Date announced
1	\$1.4 billion	TerraForm Power (38.5% stake)	Brookfield Renewable Partners	Corporate	January 13, 2020
2	\$1.1 billion	Columbia Gas of Massachusetts Natural Gas Assets	Eversource Energy	Corporate	February 26, 2020
3	\$900 million	Vectren Infrastructure Services Corp (Mverge Companies)	PowerTeam Services	Corporate	February 3, 2020
4	\$700 million	760 MW Mankato Energy Center	Southwest Generation Operating Co	Asset	April 6, 2020
5	\$600 million	192 MW Hydroelectric Facility in Louisiana	Brookfield Renewable Partners	Asset	May 6, 2020

Source: PwC, EY, PFR

## Contracted NY solar project hits the market

The developer of a 20 MW solar project in New York with a 20-year renewable energy credit contract began to market the asset to potential investors in August.

**Delaware River Solar** is aiming to sign a deal for the project, which is called Sky High Solar and located in Onondaga County, in the fourth quarter of 2020.

The company has engaged **Rhynland**, the financial advisory shop established in 2018 by former **Starwood Energy Group Global** principal **Patrick Verdonck**, to run the sale process. Bids in the first round of the auction were due in early September.

Sky High Solar was one of 26 solar, wind

and hydro projects that were awarded REC contracts by the **New York State Research and Development Authority** in 2018 following a procurement process launched the previous year (PFR, 3/15/18). The weighted average price of the RECs under the solicitation was \$21.71/MWh.

At the time, the project was owned by **Cypress Creek Renewables**.

The project does not have a power purchase agreement in place and could sell energy either under a PPA or a hedge in Zone A of New York ISO. Delaware River Solar is aiming to bring it online by the fourth quarter of 2021. ■

## Nautilus enters Colorado community solar market

**Nautilus Solar Energy** has teamed up with **Pivot Energy** to co-develop a 13 MW community solar portfolio in Colorado, marking its debut in the Colorado community solar market.

The portfolio will comprise seven projects spread across four counties in northeast and southern Colorado, within the utility service territories of **Xcel Energy** and **Black Hills Energy**.

Denver-based Pivot will develop each solar garden, the first of which is due to be online in

the first quarter of 2021, and manage customers through its cloud-based SunCentral platform.

Nautilus will finance, construct, and operate the portfolio.

"We are excited about expanding into the Colorado community solar market and offering the benefits of renewable energy to its vibrant community," said **Jeffrey Cheng**, president of Nautilus Solar. "We're especially pleased to be working closely with Pivot Energy, an experienced partner that has proven development success in the Colorado markets." ■

## Nexamp snaps up Maine community solar portfolio

**Nexamp** has agreed to acquire a 50 MW community solar portfolio of 10 projects in Maine from **Dimension Energy**.

Dimension started working on the projects in early 2019. The first tranche is fully permitted, with the remainder expected to receive final approvals by the end of 2020.

Nexamp will start constructing the projects in 2021 and manage customer subscriptions. Residential customers of **Central Maine Power** and **Versant Power** will be able to subscribe to a portion of a project's output and receive savings through credits on their monthly electricity bills.

Last June, the Maine legislature amended the state's Net Energy Billing program to encourage distributed generation by relaxing certain limits on net metering. Among other things, the new law makes net metering available to larger projects than before (up to 5 MW) and removes a restriction on the number of meters that can be associated with a single net metering project. ■

## FAST FACT

## 50 MW

The size of the Maine community solar portfolio that **Nexamp** is buying from **Dimension Energy**.

## ● NORTH AMERICA MERGERS & ACQUISITIONS

# BP, Equinor form offshore wind partnership

The Norwegian and British oil companies **Equinor** and **BP** have entered into a strategic offshore wind partnership, as part of which BP will pay \$1.1 billion to acquire a 50% non-operating stake in Equinor's Empire Wind and Beacon Wind projects located off the coasts of New York and Massachusetts.

*"By leveraging their skills with our own expertise in areas like trading we expect to be a great team"*

BP's acquisition of the interests in the Empire Wind and Beacon projects – which are expected to be over 2 GW and 2.4 GW in capacity, respectively – is slated to close in early 2021. The deal marks BP's entry into the offshore wind market for the first time.

The deal also paves the way for Equinor and BP to consider future joint opportunities in the US for both bottom-fixed and floating offshore wind projects.

Equinor acquired the Empire Wind lease in 2017 and the Beacon Wind lease in 2019. Empire is situated about 15 to 30 miles southeast of Long Island and is being developed in two phases, while Beacon sits about 60 miles east of Montauk Point and 20 miles south of Nantucket.

Last year, the **New York State Energy Research and Development Authority** awarded a 25-year offshore wind energy certificate to Empire Wind, priced at \$99.08/MWh in year one and escalating by 2% a year thereafter (PFR, 10/24/19). Construction of the \$3 billion project is slated to start in 2022 and commercial operations in December 2024.

Equinor will continue to operate the projects through the development, construction and operations phases, with secondment participation from BP.

"By leveraging their skills with our own expertise in areas like trading we expect to be a great team," wrote **Bernard Looney**, CEO of BP, on LinkedIn. "The partnership also fits our strategy perfectly. It's helping us pivot into becoming a truly integrated

energy company, whilst also taking a significant step towards our aim of having developed 50GW of #renewables by 2030."

The deal is also in line with Equinor's strategy of accessing attractive acreage early and at scale, while de-risking high equity ownership positions.

"We look forward to working with BP who share our strong ambition to grow in renewable energy," said **Eldar Sætre**, Equinor's CEO. "Our partnership underlines both companies' strong commitment to accelerate the energy transition and combining our strengths will enable us to grow a profitable offshore wind business together in the US."

The Norwegian state-owned multinational aims to grow its renewables capacity to between 4 GW and 6 GW by 2026 and between 12 GW and 16 GW by 2035. To do so, it is seeking to build at scale in US waters, the North Sea and the Baltic Sea, while securing growth options in other markets.

An executive order signed recently by President **Donald**

**Trump** fast-tracking the environmental review process for US infrastructure projects – including the 800 MW Vineyard offshore wind project – could bolster confidence in other offshore wind projects being developed along the US Eastern Seaboard (PFR, 9/4).

*"Our partnership underlines both companies' strong commitment to accelerate the energy transition and combining our strengths will enable us to grow a profitable offshore wind business together in the US."*

Vineyard Wind is being developed by **Copenhagen Infrastructure Partners** and **Avangrid Renewables** off the coast of Massachusetts, and has faced delays owing to an unexpected supplemental environmental study. ■

# Enel X brings in Ardian for Canada battery storage projects

**Ardian Infrastructure** has acquired a majority stake in a portfolio of battery storage projects developed by **Enel X** in Ontario.

Under the terms of the deal, which takes the form of a joint venture agreement, Ardian owns an 80% stake in the energy storage platform and Enel X retains the remaining 20%.

Enel X will be the O&M manager for the projects and will continue to develop additional assets for the JV.

The initial portfolio comprises 10 projects totaling 30 MW, three of which are already online and four more of which are expected

to be online by the end of 2020. The remaining three projects, which are due to come online in 2021, have a combined capacity of

*"This latest partnership, our first in Canada, marks an important step forward as we diversify our sustainable energy portfolio"*

21 MW/43 MWh.

The equity that Ardian is deploying comes from its Ardian Americas Infrastructure Fund IV. It is the funds's fifth transaction

and Ardian's first deal in Canada.

"This latest partnership, our first in Canada, marks an important step forward as we diversify our sustainable energy portfolio into the rapidly growing battery storage sector," said **Stefano Mion**, co-head of Ardian Infrastructure US. "We are excited to partner with Enel X on the opportunity to accelerate the joint venture's growth, initially in Canada but longer term across the Americas."

The legal advisers on the deal are:

◆ **Orrick** – to Ardian

◆ **Stikeman Elliott** – to Ardian ■



## NORTH AMERICA PROJECT FINANCE ●

## Price talk out for Linden Cogen refi

◀ FROM PAGE 1

super senior revolving credit facility.

Commitments are due on September 24, says a source.

The bookrunners are:

- ◆ **Jefferies** (left)
- ◆ **Barclays**
- ◆ **Citi**
- ◆ **MUFG**
- ◆ **BMO Capital Markets**
- ◆ **Investec**

Deal watchers say the debt is largely a play on the New York City power market, since five of the plant's six units sell their output on a merchant basis into Zone J of New York-ISO. **EDF Energy Services** is the energy manager for this portion of the project.

Bankers say the strength and regulatory stability of this lucrative market is the main reason why pricing on the loan for Linden is so far inside the margin on **The Carlyle Group** and **EIG Global Energy Partners'** Hamilton Projects Acquiror deal for their Patriot and Liberty CCGTs in Pennsylvania, which was priced at 475 bp in June (PFR, 6/11).

Patriot and Liberty sell their output into PJM Interconnection, where uncertainty around the future of the capacity market continues to weigh on investor sentiment.

"The only question is, how much Zone J do you want?" says a buy-side source – referring to the Linden deal – who flagged the potential for pandemic measures to weaken demand in New York City as the only major concern.

Linden's sixth unit, brought online in 2002, interconnects with PJM but is backed up by a requirement contract with **Phillips 66**

**Co's** Bayway oil refinery that expires in 2032. Excess capacity from this unit is sold spot in PJM.

**Moody's Investors Service** and **S&P Global Ratings** have assigned Ba3/BB- ratings to the Linden term loan B, the same ratings enjoyed by the loan that is being refinanced.

However, the ratings diverged slightly for the super senior revolver.

While S&P has rated it in line with the term loan, Moody's has given it a one notch uplift to Ba2 to reflect the priority that would be given to claims under the revolver in the case of bankruptcy.

Linden's existing term loan B was issued in 2016 as a \$1.125 billion package and was repriced at 325 bp over Libor in October 2017, at which point there was \$946.1 million outstanding (PFR, 11/3/17).

The borrower under the loan is called EFS Cogen Holdings I (it was previously owned by **GE Energy Financial Services**).

It is owned by the following investors:

- ◆ **JERA Co** (50%)
- ◆ **Ares Management Corp** (14%)
- ◆ **Oaktree Capital** (14%)
- ◆ **Development Bank of Japan** (12%)
- ◆ **HPJV1** (10%), which is a joint venture between South Korean independent power producer **GS EPS** and a fund managed by **Hana Alternative Asset Management** on behalf of **Mirae Asset Daewoo**

The term loan will be portable in the event the asset is sold, as long as the buyer already owns gas-fired generation facilities totaling at least 500 MW. ■

## Duke launches solar private placement

**Duke Energy** has launched a private placement backing a portfolio of operating solar projects.

**SMBC** is leading on the debt raise for the projects, which are a part of Duke's Western Vista portfolio.

The portfolio comprises:

- ◆ **Lapetus** - 100 MW in Texas
- ◆ **Rambler** - 200 MW in Texas
- ◆ **Palmer** - 60 MW in Colorado

Duke acquired all three of the projects last year from different developers.

The Lapetus project came from **7X Energy** following a sale process run by **CohnReznick Capital** (PFR, 2/8/19).

Located in Andrews County, it sells its output to **Brazos Electric Power Cooperative** under the terms of a "SolarBlocks" power purchase agreement negotiated by 7X. Brazos will pass the generation on to **CoServ Electric**, one of its 16 utility members.

Duke bought the Rambler project from **Recurrent Energy** (PFR, 9/12/19). It is located in Tom Green County and sells its output to an undisclosed offtaker under the terms of a 15-year PPA.

The Colorado project, Palmer, was developed by **juwi Americas** (PFR, 5/30/19). It is situated in El Paso County and has a 20-year PPA with **Colorado Springs Utilities**. It will be the first solar project to interconnect with CSU's transmission system. ■

## WhiteWater closes back leverage for Whistler pipeline position

**WhiteWater Midstream** has closed on a loan to lever up its stake in the 450-mile Whistler natural gas pipeline project in Texas.

The company, which has been owned by Houston-based **First Infrastructure Capital** since February 2019, holds a 48% stake in the pipeline project, which is expected to be online in summer 2021.

The \$133 million construction-plus-five-

year holdco loan closed on September 11.

**Investec** was the bookrunner on the deal, which was launched in July (PFR, 7/27).

WhiteWater's 48% stake in the project makes it the largest shareholder.

The other owners are:

- ◆ **MPLX** (a master limited partnership of **Marathon Petroleum Corp**) – 38%
- ◆ A joint venture between **Stonepeak Infrastructure Partners** and pipeline operator

**West Texas Gas** – 14%

The consortium closed on a \$1.6 billion hybrid bank-and-bond-market project financing for the pipeline in May 2020 (PFR, 6/23).

The project finance deal comprised:

- ◆ \$820 million construction-plus-6.5-year bank loan
- ◆ \$400 million 10-year private placement
- ◆ \$424 million 11-year private placement ■

## ● NORTH AMERICA PROJECT FINANCE

# New Jersey opens 2.4 GW offshore wind tender

The **New Jersey Board of Public Utilities** has opened its second offshore wind solicitation with the aim of procuring up to 2.4 GW.

The BPU will award contracts for between 1.2 GW and 2.4 GW of offshore wind capacity, potentially tripling the state's committed capacity from 1.1 GW to 3.5 GW.

Key dates for the solicitation process are:

- ◆ September 10 – application window opens
- ◆ December 10 – application window closes
- ◆ June 2021 – offshore wind projects awarded

The BPU will vote in 2022 to open a third solicitation to procure at least 1.2 GW more offshore wind capacity and solicitations will open every two years until 2028.

The state's first offshore wind solicitation took place in 2019 and resulted in a contract being awarded to **Ørsted's** 1.1 GW Ocean Wind

*"It secures New Jersey's foothold as a national leader in the growing U.S. offshore wind industry"*

project. Ocean Wind will be built 15 miles off the coast of Atlantic City and is due to be online in 2024 (PFR, 7/23). **PSEG** is in talks to acquire a 25% stake in the project (PFR, 5/3/19, 8/3).

"Developing New Jersey's offshore wind

industry will bring thousands of good-paying jobs and millions of dollars in economic development to our state to aid our economic recovery from COVID-19," said Governor **Phil Murphy**. "This second solicitation not only reinforces our commitment to fighting climate change and achieving 100 percent clean energy by 2050, but it secures New Jersey's foothold as a national leader in the growing U.S. offshore wind industry."

The BPU has also approved the final New Jersey Offshore Wind Strategic Plan, which was developed by **Ramboll U.S. Corp.** and is the state's roadmap for achieving 7.5 GW of offshore wind energy by 2035. ■

## Wildfires cast shadow over California utility ratings

**S&P Global Ratings** has changed the outlook to negative on ratings for three Californian utilities as unprecedented wildfires ravage the state.

California has had more than 7,700 wildfires so far this year, compared to about 7,900 wildfires for the whole wildfire season of 2019. The uptick has been attributed in part to below-average rainfall, according to S&P's September 16 reports.

"In our view, the lack of sufficient rainfall, the dry environ-

ment, and the apparent ease that is causing routine fires to develop into catastrophic wildfires increases the likelihood that a California investor-owned electric utility could potentially be the cause of a catastrophic wildfire," says the ratings agency.

As such, S&P has changed its outlook from stable to negative for the following debt ratings:

- ◆ **San Diego Gas & Electric Co.** (senior secured: A)
- ◆ **PG&E Corp** (BB-)
- ◆ **Pacific Gas and Electric Co.**

(senior secured: BBB-)

- ◆ **Edison International** (BBB-)
- ◆ **Southern California Edison Co.** (senior secured: A-)

This year, California has also experienced its first rolling blackouts in 19 years, as parts of the state feel the world's hottest recorded temperatures in a century (130 °F), bringing grid reliability issues to the forefront (PFR, 8/20).

"We expect the pace of public safety power shut-offs to accelerate," S&P noted.

### UTILITY DEBT

The outlooks affect billions in US utility debt, most of which is in the form of senior secured first mortgage bonds (FMBs). SDG&E has about \$5.7 billion of long-term debt, of which about \$5.5 billion is FMBs; PG&E has about \$38 billion of debt, of which \$5 billion is high yield debt at the holdco level and \$33 billion FMBs at the opco; and Edison had about \$21 billion of debt as of June 30, 2020. ■

## Canadian government invests in tidal power

The **Government of Canada** has announced investments totaling C\$9.4 million in four tidal energy projects in the Atlantic region.

The investment is split between:

- ◆ C\$4 million to **Nova Innovation** to build a tidal turbine array using sub-sea tidal technology in Petit Passage in the Bay of Fundy
- ◆ C\$1.58 million to the **University of Manitoba**, in partnership with **SOAR – Sustainable Oceans Applied Research**, to advance research on river hydrokinetic and instream tidal energy technologies
- ◆ C\$2 million to **Offshore Energy Research**

**Association of Nova Scotia** to research an environmental effects monitoring solution for the instream tidal energy industry in Canada, including fish and marine mammal interactions with tidal devices

- ◆ C\$2 million to **Fundy Ocean Research Centre for Energy** to assess the encounter risk for fish with tidal devices and create a tool to support the regulatory authorization process for tidal energy projects

The tidal energy risk assessment program's partners include **Acadia University**, **Marine Renewables Canada**, **Mi'kmaw Conserva-**

**tion Group**, **Ocean Tracking Network** at **Dalhousie University**.

"With the longest coastline in the world, Canada should be a global leader in tidal energy," said **Bernadette Jordan**, Canada's Minister of Fisheries, Oceans and the Canadian Coast Guard. "This renewable energy source has the potential to substantially grow our blue economy in the long term, but we need to invest now. There are brilliant teams across this country who are working toward this vision, and our government wants to be a partner in their efforts." ■

## LATIN AMERICA MERGERS &amp; ACQUISITIONS ●

## Colbún launches M&A process for transmission unit

Chilean independent power producer **Colbún** has begun a search for investors to take an equity stake in its transmission subsidiary **Colbún Transmisión** or buy it entirely.

**JP Morgan** and **BTG Pactual** are acting as financial advisers on the process, according to a September 9 filing with Chile's **Securities Commission**.

The company is looking for an investor to act as a strategic partner, acquire a majority stake in the transmission firm, or buy the whole business. The process was launched on September 8.

Colbún Transmisión owns and operates 558.6-miles (899 km) of transmission lines and 27 substations in the country.

### HIGH VOLTAGE SECTOR

In recent years, sales of transmission and distribution assets in Chile have attracted interest from international investors such as Spain's **Red Eléctrica** and China's **State Grid International Development**.

Red Eléctrica purchased **Centinela Trans-**

**misión** from **Minera Centinela**, which is controlled by mining firm **Antofagasta Minerals**, for \$117 million in 2018.

The same year, **AES Gener** and its subsidiary **Eléctrica Angamos** sold **Compañía Transmisora del Norte Grande**, which held 20% of their transmission assets, to **Chilquinta Energía** for \$220 million. BTG advised the sellers on the deal, which involved the transfer of 196,353 miles of transmission lines.

At the time, **Semprea Energy** owned Chilquinta, but it has since been acquired by State Grid International Development, which is a subsidiary of **State Grid Corp of China**.

Red Eléctrica, which is making a concerted effort to increase its presence in the region, also acquired a transmission line in Peru for \$205 million in 2018 (PFR, 12/19/18).

More recently, Sempra sold a majority stake in Peruvian distribution company **Luz del Sur** to **China Yangtze Power Co**, which is owned by **China Three Gorges Corp**. The deal included the sale of Sempra's stakes in **Tecsur** and

**Inland Energy** (PFR, 4/24).

**Conelsur**, a subsidiary of Chile's **Transelect**, has also increased its presence in Peru of late, buying the Peruvian transmission division of South African mining company **Gold Fields** in November 2019 and **Grupo Minero Buenaventura's** transmission firm **Consorcio Energético de Huancavelica** in January 2020. These two deals increased Conelsur's transmission capacity in Peru by 40% (PFR, 2/28).

Colombia's **Interconexión Eléctrica** (ISA) has participated in Peru's transmission market as well, paying \$152 million for **Orazul Energy**, which operates two transmission companies in the country with 463.5 miles of transmission lines, earlier this summer (PFR, 8/26). **ISquared Capital** was the seller.

Brazil has also seen some M&A activity in the transmission sector, with Colombia's **Grupo Energía de Bogotá** (GEB) and Red Eléctrica jointly purchasing Brazilian electric company **Argo Energia** for \$841.28 million last year (PFR, 11/25/19). ■

## Omega acquisition of Eletrobras wind assets approved

Brazil's antitrust agency **Cade** has approved the acquisition by **Omega Geração** of a portfolio of wind assets from **Eletrobras**.

Omega is acquiring a 78% stake in the 402 MW Santa Vitoria do Palmar complex and 99.99% stakes in the following projects:

- ◆ Hermenegildo I – 57.3 MW
- ◆ Hermenegildo II – 57.3 MW
- ◆ Hermenegildo III – 48.3 MW

### ◆ Chuí IX – 17.9 MW

Located in the state of Rio Grande do Sul, all of the projects have been operational since 2015 and have bilateral PPAs in the so-called free market.

They were put up for sale by Eletrobras in 2019, in a step toward the state-controlled company's privatization, and Omega signed a deal to acquire them in

August (PFR, 7/31, 8/3).

Omega is paying R\$1.011 billion for the 78% stake in Santa Vitoria do Palmar, including the assumption of R\$577.2 million in debt, and the implied enterprise value of the other four assets is R\$512.7 million, of which R\$378.7 million is debt.

The company also has an agreement to acquire the remaining 22% of the Santa Vitoria do Palmar portfolio from **Brave Winds**, which owns the remaining 22%.

The original developer of the Hermenegildo and Chuí IX projects, **Renobrax Energias Renováveis**, is holding on to a 0.01% stake in them, according to Cade documents.

Omega has also announced the launch of a digital energy trading business focused on small companies looking into contracting between 500 kW and 3 MW.

The government first allowed the trading of small capacities of power on the free market at the end of 2019. ■

## CORPORATE FINANCE ●

## IEnova bond offering closes

**Semprea Energy** subsidiary IEnova has raised \$800 million in the bond market with a 30-year offering that was priced on September 10.

The offering was priced at 4.75% and was expected to close on September 15.

**BBVA Securities**, **BofA Securities**, **Citi-**

**group Global Markets**, **JP Morgan Securities** and **Scotia Capital** were the bookrunners.

The legal advisers were:

- ◆ **Cleary Gottlieb** – underwriters' counsel
- ◆ **Latham & Watkins** – issuer's counsel
- ◆ **Moody's Investors Service** and **S&P Glob-**

**al Ratings** have assigned ratings of Baa2/BBB to the bonds, as previously reported (PFR, 9/9).

The ratings both carry negative outlooks because of IEnova's reliance on revenues from state-owned **Comisión Federal de Electricidad** (CFE), whose own rating has been under pressure recently. S&P downgraded CFE in March 2020 and **Fitch Ratings** followed suit in April. ■

## ● CONFERENCE COVERAGE: IJLATAM 2020

# Decarbonization could lead to changing market shares in Chile

Power producers in Chile are jostling to retain or grow market share amid the transition from coal-fired generation to renewable energy, say attendees at IJLatam 2020, IJGlobal's Latin America energy and infrastructure conference.

*"Most of the new capacity is being deployed by large players."*

Since last year, when the government announced its plan to shut down the country's 5 GW of coal-fired generation by 2040, generators have rushed to develop large solar and wind pipelines to replace the power produced by their coal-fired assets.

"Most of the new capacity is being deployed by large players," said **Cecilia Fullone**, director at **S&P Global Ratings**, pointing to **Enel**, **Engie Energía Chile**, **AES Gener** and **Colbún**.

Engie, AES, and Enel have been among the first to accelerate the unplugging of their coal-fired plants. The three companies have all signed agreements with the

government to retire their power plants. In May, Enel decided to bring forward the closure of its 128 MW Bocamina I unit by the end of this year and its 350MW Bocamina II facility by May of 2022 (PFR, 5/29).

Engie has already closed two units of its Tocopilla complex, and expects to shut down the remaining two phases by January of 2022.

AES Gener has also taken steps to close its 558 MW Angamos coal-fired asset as soon as possible without affecting grid stability, ending two power purchase agreements with miner **BHP Group**. The PPAs will now run only until August 2021, instead of 2026 and 2029 (PFR, 8/10). AES has also agreed to shut down its Ventanas I and II plants in 2020 and 2022.

But as coal is phased out and renewables brought online, firms' market shares are expected to change. "Some are replacing, while others are increasing their market share," explains Fullone.

And with the idea being raised in the Chilean Congress of bringing the phase-out of coal forward to 2025 instead of 2040,

the change in market share could be further accentuated. In August, the Environment Commission of the Chamber of Deputies moved forward with a bill to prohibit coal-fired plants in just five years (PFR, 8/5).

But industry insiders are skeptical of the feasibility of this plan, which would involve the replacement of all the power produced by coal plants with solar and wind. "The

*"The amount you need to invest in new generation and transmission is massive."*

amount you need to invest in new generation and transmission is massive," points out **Fernando Cubillos**, investment officer at **IDB Invest**.

Engie, AES and Enel have all taken steps toward meeting that challenge, however. Engie is aiming to develop a 1 GW portfolio of wind and solar assets, while Enel is targeting 2 GW of new renewable energy by 2022 and AES is developing several projects. ■

## Mexico's PF market "not completely paralyzed"

Despite Mexico's regulatory changes in the power market in the past few months, industry insiders claim at IJLatam 2020 – IJGlobal's Latin America energy and infrastructure conference – that the market may have slowed down... but it's not closed.

Starting in the spring, Mexico's administration put forth several measures to limit the development of renewable energy assets in the country, worrying both lenders and sponsors who saw their assets' revenues threatened (PFR, 5/13).

Grid operator **Cenace** halted work to interconnect wind farms and solar parks, leading to potential losses for private com-

panies holding power purchase agreements and the **Secretariat of Energy** introduced further measures to limit development.

Still, deals have slowly moved forward in a market that is "not completely paralyzed," says **Javier Gomez**, vice president at insurer **AXA XL** on a panel at the IJGlobal virtual conference to replace the famed Miami event that was cancelled in March due to coronavirus.

Projects with PPAs awarded during the third auction in November 2017 are still in the process of being financed, while some merchant projects are in the making, he notes. "I don't see a complete stop on

the market."

**Rafael Villergas**, director at **ING Bank**, agreed that some projects have experienced problems because of delays and the regulatory changes.

That situation has been common for project finance deals that were looking to close in the spring. Financial close for **IEnova** and **Saavi Energia**'s 108MW Energia Sierra Juarez II wind farm was initially penciled for March, but was postponed for the end of summer (PFR, 6/24).

The same occurred to the financing of a solar duo owned by **Korea Electric Power** and **Sprott Korea** – both of which have 2017 government PPAs.

Financial close is scheduled for this month, although it was expected to have closed in April (PFR, 7/15).

However, warned Gomez, industry participants should look out for Mexico's sovereign credit rating, which suffered a downgrade in March and the mid-term elections that will take place in June of 2021.

The downgrade will directly impact the offtaker – state-owned **Comisión Federal de Electricidad** – in the government power auctions. It could lead investors to flee the country and increase pricing, opening up the market for M&A opportunities. ■



## CONFERENCE COVERAGE: IJLATAM 2020 ●

## DFC eyes equity transactions in Latin America

The **US International Development Finance Corporation** (DFC) is considering deploying equity in Latin America, as it has done previously in other regions such as Southeast Asia.

Like most multilaterals, the DFC traditionally works on the lending side, but it also has an appetite for equity, as demonstrated in a few transactions in other regions.

"We have not done an equity deal in LatAm

yet, and are eager to do that. We are open to different types of transactions," said **David Penna**, senior vice-president in the DFC's office for strategic initiatives, who participated in *IJGlobal's* IJLatAm 2020 conference alongside his colleague, **Kristie Pellechia**, senior advisor for the Western Hemisphere.

In order to help Latin American countries improve their ability to attract foreign invest-

ment, the DFC is also studying different ways to lend in local currency without increasing the risk of having to subsidize the transactions in the long term.

"We are trying to get creative in order to guarantee local currency lending," said Pellechia. One option being considered by the DFC is providing dollar-denominated guarantees, among other innovative solutions. ■

## Corporate PPAs still an exception in LatAm

Power purchase contracts with non-utility corporate offtakers are growing in popularity in Latin America but remain an exception to the norm in project finance, said industry insiders at IJLatam 2020, *IJGlobal's* Latin America energy and infrastructure conference.

For banks looking at lending to such projects, the top priority is a counterparty with an investment grade credit rating and an essential function in the country's economy, but these qualities remain scarce in the region.

"In Mexico, there are only a few companies that can attract long-term PPAs," said **Dorian Calderon**, head of power and renewables at **Sumitomo Mitsui Banking Corp.** "If you attract smaller players, you get diversification, but they come with lower investment

grade ratings."

Even if a lead arranger is able to get comfortable with a more exotic or complicated offtake structure, syndicating the debt out to less sophisticated lenders poses additional problems. "We are looking to finance these types of investments, yet on the retail level, smaller players are not there yet," said Calderon.

At the same time, rising to this challenge has become more important as some governments, such as Mexico's, have stepped back from the power auctions that were a ready source of bankable contracts in recent years. Mexico canceled its fourth power auction in 2019 after President **Andrés Manuel López Obrador** took office (PFR, 2/4/19).

Filling the gap left by the gov-

ernment, private companies have swooped in, looking to supply their operations with clean energy through long-term contracts instead of relying on distribution companies (discos) or the spot market.

The Covid-19 crisis has only exacerbated this trend across the region, as governments are less inclined to launch new auctions given the drop in power demand. Chile – where PPAs with private mining companies are common – has already postponed its 2020 power auction to next year, after shrinking the capacity that was going to be allocated from 5.6 TWh to 2.6 TWh (PFR, 9/11).

Non-utility PPAs are also slowly gaining momentum in Brazil through contracts in the free market, noted **Jose Augusto Gomes**

**Campos**, director of business structuring at Brazilian construction firm **Andrade Gutierrez**.

"The reactions from the market are mixed," concluded Calderon. "Once they start becoming more prevalent, then you'll get greater buy-in from the market."

Among the projects with non-utility offtakers that have reached financial close in the past year are two renewable energy assets developed by **Atlas Renewable Energy**. In that case, the fact that the offtaker was not a traditional disco may even have been a boon, given a government-mandated power price freeze in response to protests last fall (PFR, 4/20).

And the pipeline of projects with non-disco offtakers has continued to grow this year too, with **Iberdrola**, for example, signing a 15-year PPA with **Bayer** for a 105 MW wind farm in Guanajuato, Mexico (PFR, 4/25). ■

## PROJECT FINANCE ●

## EPC contract awarded for Colombia's second wind farm

Colombia's **Isagen** has awarded the EPC contract for what will be the country's second wind farm – a 20 MW project in La Guajira.

The Guajira I project, located in the municipality of Uribia, will require an investment of €31.7 million (\$37.46 million).

The sponsor has awarded the EPC contract to Spain's **Elecnor**, which will fit the project

with **Vestas** wind turbines – each with 2 MW of capacity.

The only operational wind farm in Colombia so far is Empresas Publicas de Medellin's 19.5 MW Jepirachi project, which is also in the province of Guajira.

Isagen expects to bring Guajira I online by December 2022, with construction starting in

January 2021.

The developer also has a larger second phase of the project in the works, Guajira II. The 375 MW project is located in the municipality of Maicao and is expected to cost Ps1,806 billion (\$486.6 million), according to filings with Colombia's **National Authority of Environmental Licenses** (PFR, 6/2). ■

## ● LATIN AMERICA PROJECT FINANCE

# Acciona adds eighth project to Chilean pipeline

**Acciona** has begun the permitting process for a 130.2 MW solar project in the Chilean region of Antofagasta, bringing the number of renewable energy projects the Spanish company is developing in the country to eight.

Located in the Maria Elena commune, the Pedro de Valdivia project will require an investment of \$60 million, according to filings with Chile's **Environmental and Evaluation Service**.

Construction is expected to start in October of 2022 and the asset is intended to be brought online before the end of 2023.

Besides the PPAs that are linked to specific projects, Acciona has signed a string of energy supply agreements for its Chilean renewable energy fleet with private off-

takers such as German salt producer **K+S** (PFR, 2/27).

Other customers include:

◆ retailer **Falabella**

◆ water utility **Aguas Cañar** (PFR, 2/20/2018)

◆ **LATAM Airlines Group**

◆ **Empresa Concesionaria de**

**Servicios Sanitarios**, a company responsible for providing drinking water in nine Chilean regions (PFR, 10/31/19) ■

### Acciona's Chilean renewable energy project pipeline

Project	Type	Size	Location	Offtaker
<b>Pedro de Valdivia</b>	Solar	130.2 MW	Antofagasta	TBD
<b>Tolpán</b>	Wind	84 MW	Antofagasta	TBD
<b>Usya</b>	Solar	64 MW	La Araucanía	TBD
<b>San Gabriel</b>	Wind	183 MW	La Araucanía	2016 government PPA
<b>Punta Palmeras</b>	Wind	45 MW	Coquimbo	Colbún
<b>Romero Solar</b>	Solar	196 MW	Atacama	Google
<b>Almeyda</b>	Solar	54 MW	Antofagasta	National Mining Company
<b>El Alba</b>	Wind	43 MW	La Araucanía	TBD

Source: PFR

## Peru preps new transmission tender

Peruvian state agency **Proinversión** is preparing a procurement process for two transmission projects that will require a total investment of \$50 million.

The projects are the 138 kV Puerto Maldonado-Iberia transmission line in Madre de Dios and the Valle del Chira substation in Piura. The transmission line will require an investment of \$33 million and the substation a further \$17 million, the agency revealed on September 11.

Proinversión will award contracts to

design, finance, build, and operate the projects for a concession period of 30 years from the date of commercial operations. The agency expects to award the contracts during the second quarter of 2021.

Proinversión has launched other tenders for transmission assets this year, such as the Chíncha Nueva substation and line in the Chíncha province and the Nazca Nueva project in the Nazca province. Bids are due in late October (PFR, 4/20) ■

## Chile postpones power auction

Chile's **National Energy Commission** (NEC) has delayed a power auction that was previously scheduled for November 2020.

The procurement process has now been postponed to early 2021, with 15-year power purchase agreements expected to come into force by 2026 and 2027.

Initially, the power auction was meant to take place earlier this year, but the NEC pushed back the auction citing changing power demand in February. Projections for 2026 dropped further over summer, so the NEC reduced the capacity to be allocated to 2.6 TWh from the original 5.6 TWh (PFR, 8/7). ■

## Developer sets sights on large Colombia solar asset

Spanish developer **Ingenostrum** is aiming to begin construction on a 400 MW solar project in Colombia's Atlántico department by the end of the year.

The Guayepo Solar facility, located between the municipalities of Ponedera and Sabanalarga, will require an investment of Ps1,483 billion (\$400.19 million), according to filings with Colombia's **National Authority of Environmental Licenses** (ANLA). The permit request was filed on August 28.

Ingenostrum is the latest of several developers to have begun the regulatory process for a renewable asset in Colombia in the past few months.

In July, **Empresas Públicas de Medellín** requested permits for its 100 MW El Sireno hydro project in the department of Antioquia, and in June, **Brookfield** subsidiary **Isagén** submitted papers for its 375 MW Guajira II wind farm (PFR, 7/31, 6/2). ■

### ● ONE YEAR AGO



Colombia revealed the number of bidders for its rescheduled debut renewable energy auction. This week, Chile delayed its own power auction that had been slated for November (see story, left).

## PEOPLE &amp; FIRMS ●

## Vestas' Brown departs to launch own enterprise

**Chris Brown**, who had led **Vestas'** North American business as regional president since 2012, has left the company to start his own enterprise.

Replacing Brown is **Eduardo Medina**, who has been president of Vestas Mediterranean since 2018.

"In this changing and growing market, the time is right for both new leadership in Vestas North America, and for Chris Brown to pursue his own enterprise, and I'm therefore very satisfied that our succession planning enables us to make this change," said **Henrik Andersen**,

president and CEO of Vestas.

Details of Brown's new enterprise could not be learned by press time.

A former CEO of **Deepwater Wind** and executive vice president of **DTE Energy**, he has also worked at **Constellation Energy**, **Energy Power Group** and **Singapore Power**, and once served as chief operating officer of the City of Detroit.

The North American leadership position is an important one for Vestas. The US has been the company's largest market every year since 2013, with turbine deliveries growing almost

50% in the last five years.

The new regional president, Medina, is expected to relocate to the US as soon as immigration restrictions related to COVID-19 are lifted. Until then, he will remain based in Spain.

He worked for **SunPower Corp**, **Acciona Energia** and **General Electric** before joining Vestas two years ago.

Meanwhile, **Javier Rodriguez Diez** has been named president of Vestas Mediterranean. Diez is currently a senior vice president and head of global sales and key account management. ■

## US pushes through Trump nominee for IDB president

**Mauricio J. Claver-Carone** was elected president of the **Inter-American Development Bank** (IDB) on September 12 during an electronic meeting of the bank's board of governors, having been nominated by US President **Donald Trump**.

The appointment breaks a

more-than-60-year tradition in which the institution has been led by a candidate nominated by a Latin American country.

Claver-Carone, who was the only official candidate in the final vote, will take over from the Colombian **Luis Alberto Moreno** on October 1, 2020, to begin a five-year term oversee-

ing the operations of the IDB Group, which comprises the IDB, IDB Invest and IDB Lab.

Some countries that were opposed the appointment of a North American to the position – including Chile, Argentina, Mexico and members of the European Union – attempted to boycott the vote but did not reach the minimum required abstention of 25% to postpone the election. Their goal had been to wait until after the US presidential election in November.

The appointment of Claver-Carone was a particular blow to Brazil, which had attempted to obtain US support for its own candidate.

IDB has a tradition of appointing candidates from countries that have not previously held the office, which would have given an advantage to a Brazilian or Argentine candidate.

To be elected president, a candidate must receive a majority of the total voting of IDB's member countries as well as the support of at least 15 of the 28 regional member countries (26 borrowing member countries,



Mauricio J. Claver-Carone

plus Canada and the US).

The US holds 30% of votes, while Brazil and Argentina have roughly 11% each. European countries including the UK account for 10.9%, Mexico for 7.2% and Chile for 3.1%.

Claver-Carone is deputy assistant to President Trump and senior director for Western Hemisphere Affairs at the **US National Security Council**. He previously served as US representative to the **International Monetary Fund** and as senior adviser to the Under Secretary for International Affairs at the **US Department of the Treasury**. ■

### LATIN AMERICA PROJECT FINANCE ●

## Enel progresses with Panamanian solar asset

**Enel Green Power** is moving forward with the development of a 13.12 MW solar project in the Panamanian province of Coclé.

The Jagüito solar project, located in the community of the same name, is part of a solar pipeline in the country in which Enel is expected to invest \$50 million between 2020 and 2021.

Jagüito, which is already under construction and expected to begin operations in the first half of 2021, will sell its output to corporate offtakers.

"The energy supply agreements related to this plant dem-

onstrate the growing interest of the private sector in incorporating renewable energy into its operations," said **Bruno Riga**, manager of Enel Green Power Central America, in a statement on September 14.

Enel's other solar projects in the country are:

- ◆ Sol Real – 42 MW in Coclé
- ◆ Estrella Solar – 8 MW in Coclé
- ◆ Chiriquí – 12MW in Chiriquí

Last week, Enel signed a five-year power purchase agreement with state-owned financial institution **Banco Nacional de Panamá** (PFR, 9/9). ■

## ● LATIN AMERICA PROJECT FINANCE

# Power advisory outfit hires seasoned power trader

Power markets advisory shop **AB Power Advisors** has hired a power trading and advisory professional with more than two decades of experience as its new chief commercial officer.

**Miguel Garcia** took up the mantle at the Austin-based firm this month. He will oversee AB's power advisory practice, which includes M&A support, portfolio valuation, generation services and risk management.

AB was established in 2018 by seasoned power trader and marketer **Matthew Berend** and energy regulatory expert **Ryan Aldridge**.

Garcia previously led the commercial

team for **Riverstone Holdings'** conventional power platform, **Extol Energy**, where he was involved in M&A activity and commercial strategy for Riverstone portfolio company **Talen Energy**.

Before that, he had led **EDF Trading North America's** Ercot power trading team as a vice president. He had previously worked at former **Dynegy** CEO **Chuck Watson's Eagle Energy Partners**, which **Lehman Brothers** acquired in 2007. EDF bought the business out of Lehman's bankruptcy.

Earlier in his career, Garcia worked for Dynegy itself and then **Enron Corp.** ■

## New real assets chief at CPP Investments

CPP Investments has made two senior executive appointments, including a new global head of real assets.

**Deborah Orida** will oversee energy and infrastructure investments as well as real estate in her new role, which comes with a promotion to the rank of senior managing director.

She has been with CPP Investments since 2009 and was previously the global head of active equities. Before that she was head of private equity for Asia.

Orida's earlier career

included nine years at **Goldman Sachs** in New York and Toronto.

She replaces **Edwin Cass**, who has been appointed as the Canadian pension fund manager's first dedicated chief investment officer. Cass joined CPP Investments in 2008 and has held various positions within public markets.

The CIO role was created to address the scaling up of CPP Investments, whose assets under management are on track to grow to \$1 trillion by 2033. ■



Deborah Orida

# Ex-RBC tax equity banker joins microgrid start-up

**Julian Torres**, who previously worked in **RBC Capital Markets'** tax equity team for five years, has landed a senior position at a microgrid start-up.

He started in his new role as chief investment officer at **Scale Microgrid Solutions** (SMS) earlier this month.

Founded in 2016, SMS provides dispatchable behind-the-meter generation to com-

mercial and industrial customers using a combination of rooftop solar, on-site gas-fired generators and lithium-ion batteries.

The company secured a \$300 million equity commitment from **Warburg Pincus** in January (PFR, 1/27).

The co-founders are **Ryan Goodman**, **Tim Hade** and **Howard Goodman**. Ryan Goodman is the company's CEO. ■

## ● IN BRIEF

### ● LNG

#### VENTURE GLOBAL HIRES COO FROM BAKER HUGHES

Venture Global LNG has hired **General Electric** and **Baker Hughes** veteran **Brian Cothran** as its new chief operating officer. He worked at GE from 2008 to 2017, when he was appointed vice president of global sales at Baker Hughes when the firm merged with GE Oil & Gas that year.

#### ABU DHABI TAKES STAKE IN CHENIERE ENERGY

US **Securities and Exchange Commission** paperwork reveals that **Abu Dhabi Investment Authority** (ADIA) has a 5.1% stake in Houston-based LNG company **Cheniere Energy**. The stake, held by Abu Dhabi's sovereign wealth fund, is valued at more than \$600 million.

## ● ENERGY STORAGE

#### CO-DEVELOPER SOUGHT FOR CALIFORNIA STORAGE SYSTEM

**Calvert Energy** has reached out to potential partners for an early-stage energy storage system, called the Milham Energy Center, which is being developed in Kings County, California. Early-stage due diligence is underway to determine the project's feasibility.

## ● RENEWABLES PROCUREMENT

#### BP TO SUPPLY MICROSOFT WITH RENEWABLE POWER

BP has entered into an agreement to supply **Microsoft Corp** with renewable power around the world. The memorandum of understanding, announced on September 15, is designed to allow Microsoft to reach its goal of running on 100% renewable energy by 2025.

## ● LATIN AMERICA

#### INSURER MAPFRE PAYS UP OVER ITUANGO DISASTER

Colombia's **Empresas Publicas de Medellin** has received a \$100 million payment from insurer **Mapfre Seguros Generales de Colombia** to cover contingency costs associated with construction problems with the 2.4 GW Ituango hydro project.

*Extended versions of all these stories are available at [www.powerfinancerisk.com](http://www.powerfinancerisk.com).*